Analytical Credit Dataset— AnaCredit

Quick facts of AnaCredit

01 A new dataset with detailed information on individual bank loans (to legal entities) is required in the euro area as of reporting period 30 September 2018

02 Uses new data and existing national credit registers to achieve a harmonized database that mainly supports statistical, but also several other, central banking functions

03 Will be based on harmonized concepts and definitions and on a complete coverage for (at least) all euro area member states

Background

- Expanding responsibilities and tasks of the ECB: monetary policies, micro-prudential supervision, macro-prudential policies
- A clear trend from reporting aggregated data towards reporting microdata, resulting in higher requirements for data granularity
- A great push for data and reporting processes to become more efficient and harmonized
- Various initiatives are led by ECB to improve the reporting processes

Soaring demand for data & information

ECB's Goal: Integrate and harmonize the data and reports

Proposed new model of reporting
- Banks' Integrated Reporting Dictionary (BIRD)
- European Reporting Framework (ERF)
- Single Data Dictionary (SDD)

AnaCredit
The first big step to fulfill the ambition

Timeline

2011 The initiative is taken to develop a harmonized set of granular credit risk data

2014 ECB defines preparatory measures which are necessary to establish a long-term framework for the collection of granular credit data

2016 The approved regulation of 18 May 2016 contains the final scope and timelines

2018 The first monthly and quarterly transmission under AnaCredit shall start with data per reporting date 30 September 2018

Purpose

- Ensure more comparability among banks and reports
- Improve the statistical information basis for the Euro system
- Support monetary and prudential policies with reliable statistical data

Scope

WHO

- Important to state that National Competent Authorities (NCA's) are allowed to make scope changes (!) compared to the AnaCredit regulation
- In scope are all Credit institutions resident in a Euro area member state including any foreign branch controlled by the credit institution
- All branches and subsidiaries which are resident in a Euro area member state, while their Head Office is not, are also included for the AnaCredit data set
- Not included for the AnaCredit data set are subsidiaries of credit institutions who are resident outside a Euro area member state
- NCA's forward the received AnaCredit information to the ECB

WHAT

Instruments
- Loans and deposit are the main credit instruments under the current scope of AnaCredit
- Off balance sheet items mainly refer to "undrawn amounts"
- Where the credit institution acts as a "servicer", certain other off balance sheet items should be reported

Entities
- Only credits extended to legal entities and other entities that are not natural persons are in scope of AnaCredit
- If a product is granted to more debtors, at least one of the debtors needs to be a legal entity

Threshold
- A threshold of a total outstanding amount of €25.000 per debtor
- This threshold also applies to Non-Performing Exposures

Likely additions in the future

Entities
Extension to natural persons including sole proprietors

Products
Extension to derivatives, other accounts receivable and wider off-balance sheet

Aggregation
Extension to consolidated reporting

Observed agents
Extension to non-credit institution engaged in lending

# Analytical Credit Dataset— AnaCredit

Challenges

Time constraint

- In about one year credit institutions should be ready to deliver test data
- The first monthly and quarterly transmission shall start with data from 30 September 2018

Organizational and Technical challenges

Challenge 1: Internal organization

- The internal organization should be ready to deliver the required data set. In many cases this will be challenging, since a fully new reporting chain may need to be set up in order to enable monthly (or quarterly) reporting
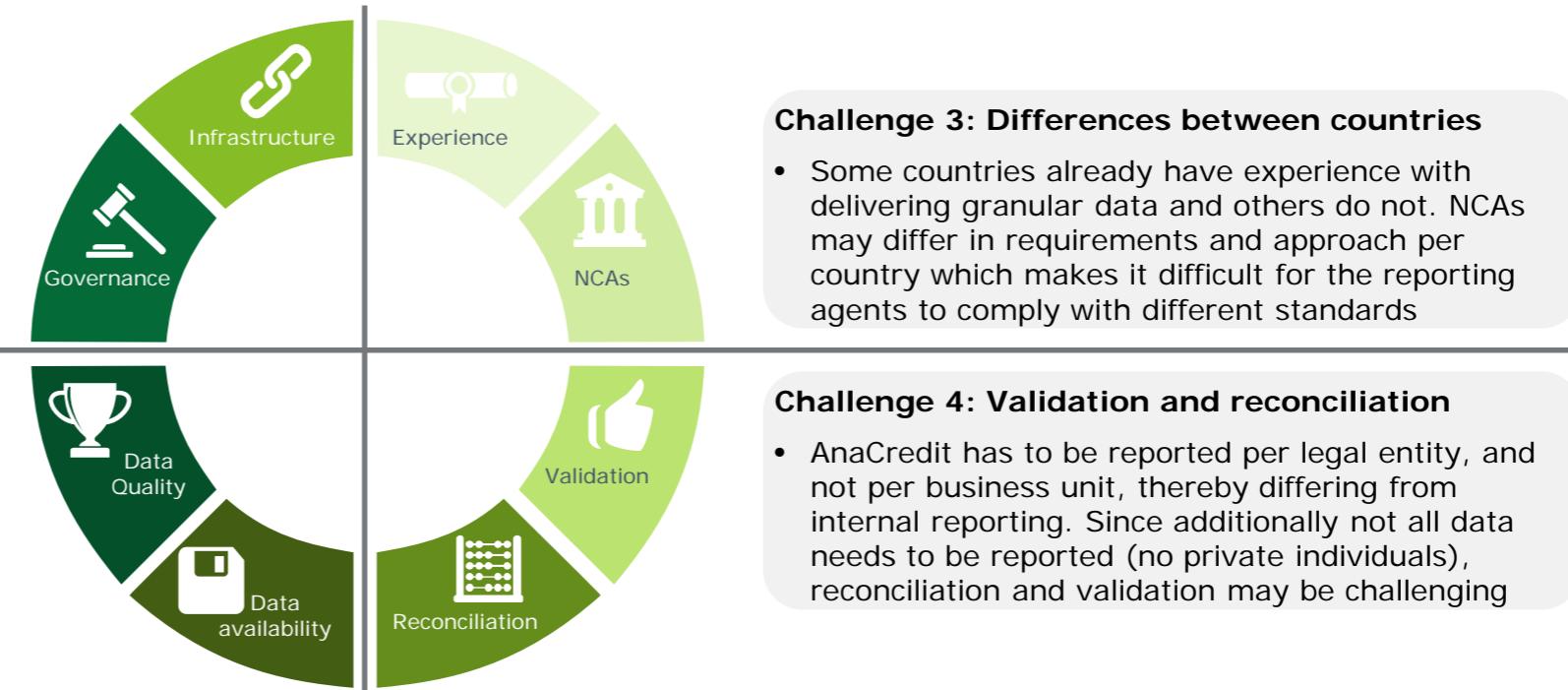
Challenge 2: Data management

- Not all required data may be available in the current source systems
- In addition data quality may not be meet the minimum standard

Challenge 3: Differences between countries

- Some countries already have experience with delivering granular data and others do not. NCAs may differ in requirements and approach per country which makes it difficult for the reporting agents to comply with different standards

Challenge 4: Validation and reconciliation

- AnaCredit has to be reported per legal entity, and not per business unit, thereby differing from internal reporting. Since additionally not all data needs to be reported (no private individuals), reconciliation and validation may be challenging

Infrastructure · Experience · Governance · NCAs · Data Quality · Validation · Data availability · Reconciliation

What are Deloitte's offerings

- Help your bank set up a reporting chain that ensures AnaCredit data can be timely delivered and legal requirements are fulfilled (including the different local deviations that NCA's have adopted)
- Use Deloitte's "BIM for Banking" as accelerator to translate AnaCredit legal requirements into a clear set of meta-data which enforces the use of a common language within the bank and helps source the data
- Implement an adequate control mechanism from source system to the output layer, introducing continuous checks on the data to enable timely identification and resolving of data quality issues
- Overcome unavailability of required data in the current source systems by using Deloitte's "Data Requirement Tracker" methodology to track your data demand and to provide insight into the supply of data

Qualifications

Multi-dimensional experience
Deloitte has a track record in supporting banks with the implementation of AnaCredit and similar reporting chains, which has been translated in a list of common attention areas (and possible solutions) encountered

International team and global network
Bring best practices for international banks based on Deloitte's understanding of the varying local requirements and data delivery approaches resulting from the scope changes as adopted by local NCA's

Interpret and implement the legislation in banking context
Quick interpretation and translation of legislation into bank-specific terminology and data sourcing with the use of our "BIM for Banking" accelerator

Expert knowledge of AnaCredit
In-depth knowledge how the AnaCredit regulation was developed

Ability to connect business with IT execution
Our multi-disciplinary teams speak the language of business, data and IT people, thereby shortening time to connect business with IT

Advanced specialty in data management
Design and implement data quality projects, resulting in control models that deliver the required data quality steering information (as also used in existing credit registers)

Pioneer in credit risk management and regulatory reporting
Extensive knowledge on credit risk management in general, and credit risk in the context of regulatory reporting in particular

Contacts

Jean-Philippe Peters
+352 45145 2276
jppeters@deloitte.lu

Martin Flaunet
+352 45145 2334
mflaunet@deloitte.lu

Jean-Pierre Maissin
+352 45145 2834
jpmaissin@deloitte.lu